



U. S. Department of Justice

United States Trustee
Central District of California

Memorandum

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September 27, 2001

To: All Chapter 7 Trustees
From: L. Charmayne Mills, Assistant United States Trustee
Re: Changes to the Chapter 7 Case Closing Process

Pursuant to our recent discussions with the Court regarding changes to the chapter 7 case closing process, this memo sets forth in detail the specific procedures we presently follow and what we propose be adopted by the Court. In brief, we propose that our closing procedures be amended to reflect the process set forth in the *Amended Memorandum of Understanding Between the Executive Office for United States Trustees and the Administrative Office of the United States Courts Regarding Case Closing and Post Confirmation Chapter 11 Monitoring* dated April 1, 1999 ("Amended MOU") and the *Handbook for Chapter 7 Trustees* dated March 1, 2001. The case closing procedures described in both of these documents envision that if the court awards compensation and expenses as provided in the final report, and the Office of the United States Trustee ("OUST") has approved the final report, upon entry of the compensation and expense order, the trustee shall commence payment of dividends. This is in contrast to the current procedure that requires the chapter 7 trustee to receive authorization from the OUST prior to making any distribution, even when the OUST has no objection and the court has awarded fees and expenses. This is an unnecessary step which, if deleted, would eliminate the delay caused by the existing review process in virtually all of our cases.

I. Existing Procedures

At the present time, the closing process consists of three primary phases. First, the trustee is required to submit a final report of the estate administration. Based on the filing of the final report with the court, a hearing is held to determine fees, authorize expenses, and determine dividends to creditors. Second, after the allowances are determined, the trustee calculates the distributions to all parties and submits it to the OUST for review. Once approval is received from the OUST, the trustee proceeds with the distribution. The third phase commences when the estate bank accounts reflect a zero balance. At that point, the trustee submits evidence that the accounts hold no funds and requests that the case be closed by the court. Phases two and three of

this process are detailed below.¹

A. **Trustee's Report of Distributions and Dividend Payments**

Presently, upon receipt of the *Order Allowing Administrative Claims, Professional Fees and Expenses, and Trustee Fees and Expenses* ("Order Allowing") from the court, within 30 days the trustee is required to submit a *Trustee's Report of Distributions and Dividend Payments* ("TDR")² for court approval and serve the report on the OUST, where it will be reviewed. Upon the completion of the OUST's review of the report, and within 30 days of service of the report, the trustee is notified that the United States Trustee has no objections to the report and the funds can be distributed. If no objection is made or a hearing is not requested by the end of the 30-day period, the trustee is required to issue all checks at the same time for payment of administrative fees and expenses, and dividends to all allowed claims. However, if corrections or revisions are required by the OUST, the trustee is required to promptly amend the TDR and resubmit it to the OUST and the court.

B. **Transmittal for Payment of Miscellaneous Court Costs and Report of Trustee under Bankruptcy Rule 3010(a)**

Trustees are required to make all disbursements no later than 90 days from the date of entry of the *Order Allowing*. As part of the distribution of funds, the trustee may also file *Transmittal for Payment of Miscellaneous Court Costs* with a check for court costs and fees and, if applicable, the *Report of Trustee under Bankruptcy Rule 3010 - Dividends under \$5.00* with a check and a list of all names and addresses of the entities and the amounts they are entitled to be paid. Copies of these transmittals are served on the OUST.

C. **Notice of Unclaimed Dividends**

After 90 days has elapsed from the disbursement of funds, the trustee should place a stop payment on any outstanding dividend checks and attempt to locate the payees. If that effort is unsuccessful, pursuant to FRBP 3011 the trustee should prepare a *Notice of Unclaimed Dividends*, and submit it with a check and a list of all known names and addresses of the entities and the amount they are entitled to be paid to the court. A copy is also served on the OUST.

D. **Statement of Zero Balance**

The last step in the closing process for the trustee involves the preparation of the *Statement of Zero Balance* ("ZBS"). This is submitted to the OUST along with the original bank

¹As we are not proposing significant changes to the final report and account process, it is not addressed here.

²We refer to this document internally as a COD.

records for the period between the submission of the final report and the last statement showing a zero balance.^{3y} After the OUST has completed its review, the original ZBS is filed with the court. The bank records that have been submitted to the OUST during the closing process will be returned to the chapter 7 trustee within thirty (30) days after the Statement of Zero Balance has been filed with the court. After the ZBS is processed by the Court, an *Order Closing the Case* is prepared by the Court and forwarded to the trustee and the OUST.

II. Proposed Procedures

I. Changes in TDR Review Process

We are proposing to eliminate the submission of the *TDR* to the OUST for review prior to disbursement, thereby also eliminating the 30 day objection period in all cases where the court has awarded compensation and expenses as provided for in the *Notice of the Filing of Final Report and Hearing on Applications for Approval of Professional Fees and Expenses*, and the OUST has approved the final report. Rather, upon entry of the compensation and expense order, the trustee shall commence payment of dividends in accordance with the proposed dividend report attached to the approved final report. Moreover, we propose that if the court modifies the fees and expenses in such a way that dividends to creditors are **increased**, the trustee should still proceed with the distribution and footnote the difference.^{3z} In addition, for administratively insolvent cases, trustees would proceed with the prorata distribution for administrative expenses that would be verified by the OUST post-distribution.

The trustee should make the final distribution to creditors as soon as possible but no later than 30 days of the entry of the final orders on compensation and expenses. The trustee should continue to follow existing procedures regarding the transmittal of miscellaneous court costs and for dividends that fall under FRBP 3010. This is also true for the handling of unclaimed funds under FRBP 3011.

Under the proposed procedure, within 125 days after the entry of the *Order Allowing*, a trustee must submit to the OUST for review a final account signed under penalty of perjury that the estate has been fully administered. Attached as Exhibit A is a draft *Trustee's Final Account, Certification that the Estate has been Fully Administered and Application for Discharge* that would be submitted for review to the OUST post distribution. This would now be considered the final trustee's distribution report or a *TDR*. Attached to the final account would be:

^{3y}Cases filed prior to January 1, 1995 are not required to submit bank documents.

^{3z}The AMOU provides that any modification to the OUST-approved final report's proposed distribution or professional fees and expenses requires that the trustee submit the revised proposed distribution to the OUST for approval. We are suggesting that this be done only if the modification affects creditors negatively.

1. *Trustee's Report of Distributions and Dividend Payments or Form 4;*²
2. Form 2 - Cash Receipts and Disbursement Record; and
3. Original Bank Statements and Canceled Checks.

As noted above, if a case was filed or converted on or after July 1, 1999, a *Form 4* would be attached to the final account. The original *TDR* and two copies should be submitted to the OUST. ³ Within 30 days of receipt, the OUST must complete its review and file the original with the court along the following statement:

The United States Trustee has fully reviewed the *Final Account, Certification that the Estate has been Fully Administered and Application for Discharge* of the trustee in accordance with the standard set forth in the AMOU and has no objection to the trustee's certification that the estate has been fully administered and is ready to close.

If, however, the court in a rare instance modifies the fees and expenses resulting in a decrease in dividends to creditors or an increase in fees and expenses to professionals, the trustee must not make the distribution of dividends until the proposed dividend distribution report has been reviewed by the OUST. Under this scenario, the trustee would receive notification back within 30 days authorizing the distribution similar to the existing process. Within 125 days of the distribution, the trustee would prepare a final account as set forth above.

III. Other Changes - Interest Bearing Funds

In conjunction with the above changes, we also propose that trustees maintain estate funds in an interest bearing account until they are ready to distribute the funds. As you know,

²It should be noted that the USTP has developed a uniform distribution report for chapter 7 trustees that is now in the implementation process. At the present time, most distribution information is extracted manually from the *TDR* and entered into a national database. We have begun collecting this data electronically on the *Distribution Report for Closed Asset Cases*, or *Form 4*, which is required to be submitted to the OUST for each closed asset case that was filed or converted on or after July 1, 1999. It is submitted via e-mail in an ASCII format for all applicable estates and delineates by specific categories the distribution of funds. Attached as Exhibit B is a sample Form 4 and the related instructions for completion of the form. As time progresses and older cases are closed, the Form 4 will be received for all cases. When that occurs we can discuss with the court the possibility of trustees electronically filing the Form 4 in lieu of a *TDR*.

³The original *TDR* will be filed with the court and a reviewed copy will be returned to the trustee along with the OUST's statement of review. If the court requires any additional copies, we should be advised. One copy will be maintained by the OUST.

under the current closing procedures, trustees are required to close all investment and interest bearing accounts within 30 days prior to the submission of the final report for review. This process was developed to eliminate the submission of supplemental final reports. We are proposing that rather than close interest bearing accounts, that the funds be invested until the trustee is ready to distribute funds to creditors. The difference between the distribution as calculated in the *TFR* and reported in the final account should be footnoted in the final account. The trustee may request in the *TFR* that the court authorize a fee on the increase or waive the fee. If the balance on hand is less than an amount that would justify the estate funds remaining invested, such as if it would cause additional tax preparation work to be required, the trustees may close accounts and prepare the final report. The final report should include a justification for closing interest bearing accounts as trustees are always accountable for their investment decisions.

Please provide me with written comments as soon as possible. If there are other matters that you wish to address in the case closing process, please advise us in your correspondence. Additional changes may be made to the final report form in the future, but for now we are focusing on the timesaving aspects of the elimination of some duplicative review processes. Finally, it is important for the trustees to be aware that this office frequently finds mathematical and other errors in proposed distributions. These mistakes are caught by our staff and corrected before a distribution is made. As this "safety net" may no longer be available, it is of the utmost importance that your distributions are checked and double checked.

Attachments

cc: Maureen A. Tighe, United States Trustee
Terri Andersen, Assistant United States Trustee
Arthur Marquis, Assistant United States Trustee
Gary Dyer, Assistant United States Trustee
Carol A. Osborne, Regional Analyst
All Trustee Administration Staff

Exhibit A

PREPARATION OF TRUSTEE'S FINAL ACCOUNT, CERTIFICATION THAT THE ESTATE HAS BEEN FULLY ADMINISTERED AND APPLICATION FOR DISCHARGE

Within 125 days after the entry of the order of the court allowing compensation and expenses, and upon receipt of a zero balance bank statement, the case trustee shall submit to the United States Trustee a Final Account, Certification that the Estate has been Fully Administered, and Application for Discharge (TDR) pursuant to Fed. R. Bankr. P. 5009. The Final Account is the trustee's post distribution statement and includes a certification, submitted under penalty of perjury, that all funds have been properly disbursed consistent with the proposed distribution filed with the Trustee's Final Report (TFR) as finally approved and that all checks have been negotiated, or any remaining estate monies have been paid into court, and that the estate has been fully administered.

General Form of the Final Account

An original and the required number of copies of the Final Account will be submitted to the United States Trustee with all necessary financial documents to support the Final Account. The Final Account shall include the following:

- A. Trustee's Final Account
Completed in the conformance with the attached form.
- B. Exhibit A – Form 4, Distribution Report for Closed Asset Cases
Form 4 should be completed as recommended in the Handbook for Chapter 7 Trustees.
- C. Exhibit B – Form 2, Cash Receipts and Disbursements Record
Form 2 should reflect all transactions from the date of the Trustee's Final Report, and show a zero balance. Form 2 should be completed as recommended in the Handbook for Chapter 7 Trustees.
- D. Original Bank Statements and Canceled Checks
The Final Account must be accompanied by the trustee's original banking documents from the date of the Trustee's Final Account until the account(s) reflects a zero balance. After the bank statements and canceled checks have been reviewed by the United States Trustee, local practice will dictate whether they are filed with the court, retained by the United States Trustee, or returned to the trustee. (Trustees should refer to the March 1, 2001 Handbook for Chapter 7 Trustees, Chapter 9, regarding their responsibility to maintain estate records.)

REVIEW OF THE TRUSTEE'S FINAL ACCOUNT*

To assist with the review of the Final Account, the trustee must also submit a Final Distribution Report to the United States Trustee. The Final Distribution Report should update the Proposed Distribution Report filed with the TFR and list all expenses and claims of the bankruptcy estate, detailing the amount filed, amount allowed, paid to date, claim balance, actual payment and dividend percentage. A Case Summary should also be provided at the end of the Final Distribution Report.

The United States Trustee is not a guarantor or issuer of the work performed by the case trustee. Rather, the United States Trustee shall review the Final Account for accuracy. Upon completion of the review and the correction of any deficiencies, the United States Trustee will file the Final Account with the court within 30 days of receipt, and shall provide the following statement: "The United States Trustee has fully reviewed the Final Account, Certification that the Estate has been Fully Administered and Application for Discharge of the trustee in accordance with the standard set forth in the MOU and has no objection to the trustee's certification that the estate has been fully administered and is ready to close."

If within 30 days after the filing of the Final Account no objection has been filed by the United States Trustee or by a party in interest, the court shall enter an order closing the case pursuant to 11 U.S.C. § 350 and Fed. R. Bankr. P. 5009.

*The information contained in this section is from the *Amended Memorandum of Understanding* between the Administrative Office of the United States Courts and the Executive Office for United States Trustees dated April 1, 1999.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF _____

In re: _____) Case No.
_____))
_____) Chapter 7
_____))
Debtor _____) Judge

**TRUSTEE'S FINAL ACCOUNT,
CERTIFICATION THAT THE ESTATE
HAS BEEN FULLY ADMINISTERED
AND APPLICATION FOR DISCHARGE**

The undersigned trustee does hereby make and file this Final Account and states as follows:

1. This estate has been fully administered.
2. All funds have been disbursed consistent with the proposed distribution submitted with the Trustee's Final Report (as summarized in **Form 4**, the Distribution Report for Closed Asset Cases, attached as **Exhibit A**).
3. All checks have been negotiated, any unclaimed funds and dividends under \$5.00 have been paid into the registry of the Court, and no funds or assets of the estate remain.
4. Attached as **Exhibit B** is **Form 2**, Cash Receipts and Disbursements Record, which reflects all transactions from the date of the Trustee's Final Report, and shows a zero balance.

WHEREFORE, pursuant to Fed. R. Bankr. P. 5009, the Trustee requests that this Final Account be accepted, and that the Court order the case closed and discharge the Trustee from any further duties. I, the Trustee in Bankruptcy of the above named Debtor(s), declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

DATE: _____

TRUSTEE

REVIEW BY THE UNITED STATES TRUSTEE

The United States Trustee has reviewed the Trustee's Final Account, Certification that the Estate has been Fully Administered and Application for Discharge of the trustee in accordance with the standards set forth in the MOU dated April 1, 1999 and has no objection to the Trustee's certification that the estate has been fully administered and is ready to close.

DATE:

UNITED STATES TRUSTEE

1
2 Trustee's Report of Distributions and Dividend Payments

3
4 _____, the trustee of this bankruptcy estate submits this Report of
5 Distributions and Dividend Payments which is a summary of payments to creditors and the
6 including **ATTACHMENT 1 - TRUSTEE'S BREAKDOWN OF DISBURSEMENTS AND**
7 **ATTACHMENT 2 - LISTING OF DIVIDEND PAYMENTS.**

	(1)	(2)	(3)	(4)
	<u>Amount</u>	<u>Amount</u>	<u>Interim</u>	<u>Amount</u>
	<u>Claimed</u>	<u>Allowed</u>	<u>Amount</u>	<u>Paid</u>
	<u>Paid</u>			
1. Obtaining Credit Sec. 364(c)(1)	\$ _____	\$ _____	\$ _____	\$ _____
2. Secured Liens Sec. 506(b)	\$ _____	\$ _____	\$ _____	\$ _____
3. Administrative Expenses Sec. 503(a)(b) Sec. 507(a)(1)	\$ _____	\$ _____	\$ _____	\$ _____
4. Involuntary "Gap Claims" Sec. 507 (a)(2)	\$ _____	\$ _____	\$ _____	\$ _____
5. Wages, etc. Sec. 507(a)(3)	\$ _____	\$ _____	\$ _____	\$ _____
6. Employee Benefit Claims Sec. 507(a)(4)	\$ _____	\$ _____	\$ _____	\$ _____
7. Grain or Fish Production Claims Sec. 507(a)(5)	\$ _____	\$ _____	\$ _____	\$ _____
8. Consumer Deposit Claims Sec. 507(a)(6)	\$ _____	\$ _____	\$ _____	\$ _____

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1	9. Unsecured Tax Claim				
2	Sec. 507(a)(7)	\$ _____	\$ _____	\$ _____	\$ _____
3	10. Insured Depository Institution Claim				
4	Sec. 507(a)(8)	\$ _____	\$ _____	\$ _____	\$ _____
5					
6	11. Timely (or Deemed Timely) Unsecured Claims				
7	Sec. 726(a)(2)	\$ _____	\$ _____	\$ _____	\$ _____
8					
9	12. Tardily Filed Unsecured Claims				
10	Sec. 726(a)(3)	\$ _____	\$ _____	\$ _____	\$ _____
11					
12	13. Claims of Non-Pecuniary Loss				
13	Sec. 726(a)(4)	\$ _____	\$ _____	\$ _____	\$ _____
14					
15	14. Legal Rate Interest on Above Claims				
16	Sec. 726(a)(5)	\$ _____	\$ _____	\$ _____	\$ _____
17					
18	15. Debtor				
19	Sec. 726(6)	\$ _____	\$ _____	\$ _____	\$ _____
20					
21	16. Other:				
22	Specify Basis:				
23	_____	\$ _____	\$ _____	\$ _____	\$ _____
24					
25	TOTALS	\$	\$	\$	\$

23 I declare that the information provided herein is true and correct to the best of my knowledge
 24 and belief under penalty of perjury.

25 Dated: _____

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Chapter 7 Trustee

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ATTACHMENT NO. 1
BREAKDOWN OF DISBURSEMENTS

1. GROSS RECEIPTS **\$** _____

2. Trustee Compensation:	Ch.7	\$	
Expenses	Ch.7	\$	
Trustee Compensation:	Ch.11	\$	
Expenses:		\$	
	TOTAL		\$ _____

3. Fee for Attorney for Trustee: Ch.7 \$
Ch.11 \$

4. Fee for Other Attorneys: Ch.7 \$
(Debtor, Special, et al) Ch.11 \$

5. Fee for Other Professionals: Ch.7 \$
(Identify) Ch. 11 \$

6. Accountant Ch.7 \$
(Identify) Ch.11 \$

7. U.S. Trustee Quarterly Fees Ch.11 \$

8. All Other Expenses and Costs:
 - U. S. Bankruptcy Clerk Fees & Miscellaneous Costs \$
 - Administrative Rent \$

1	- Bond Premium		\$
2	- Bookkeeping Services		\$
3	- Property Maintenance		\$
4	- Insurance		\$
5	- Utilities		\$
6	- Storage		\$
7	- Taxes		\$
8	- Escrow Fees and Costs		\$
9	(Do <u>not</u> include real estate broker's commission.)		
10	- Other:		\$
11	Professional Expenses-Auctioneer		
12		TOTAL	<u>\$</u>
13	9. Secured Creditors:		\$
14	10. Priority Creditors:	Ch.7	\$
15	(Include employee's share of taxes paid on wage claims.)	Ch.11	\$
16	11. Unsecured Creditors:	Ch. 7	\$
17		Ch.11	\$
18	12. Other payments, except	Ch.7	\$
19	payments to debtor	Ch.11	\$
20			
21	13. SUBTOTAL: (sum of lines 2 through 12)	TOTAL	<u>\$</u>
22	14. Amount of line 13 distributed by Chapter 7 Trustee		\$
23	15. Payments to Debtor:		\$
24	16. TOTAL DISBURSEMENTS: (Sum of lines 14 and 15 must be the same as Gross Receipts)		<u>\$</u>
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CLASS OF CREDITOR BEING PAID: CHAPTER 7 ADMINISTRATIVE

PERCENTAGE OF DIVIDEND PAID ON CLAIMS: _____ %

[illegible]

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CLASS OF CREDITOR BEING PAID: GENERAL UNSECURED

PERCENTAGE OF DIVIDEND PAID ON CLAIMS: _____ %

[illegible]

**FORM 2
CASH RECEIPTS AND DISBURSEMENTS RECORD**

PAGE 1 OF 2

Case No.	96-75484	Trustee Name:	Jenny Ward
Case Name:	Sam Martin dba Martin Cards	Bank Name:	Bank One
Taxpayer ID #:	31-23334567	Checking Acct. #:	01-16-18
For Period Ending:	June 30, 1997	Blanket bond (per case limit):	\$750,000
		Separate bond (if applicable):	

1 Transaction Date	2 Check or Ref. #	3 Paid to/ Received From	4 Description of Transaction	5 Deposit \$	6 Disbursement \$	7 Checking Account Balance
12/10/96	1	Sam Martin	Balance in debtor's checking account	500.00		500.00
12/15/96	8	Steve James	November 1996 rent	500.00		1,000.00
01/02/97	3	Hall Cards	Payment on account	1,300.00		2,300.00
01/15/97	12	Steve James	December 1996 rent	500.00		2,800.00
01/23/97	3	Card Enterprises	Payment on account	700.00		3,500.00
02/15/97	12	Steve James	January 1997 rent	500.00		4,000.00
02/15/97		Bank One	Tfr. to Savings #09-43-62		1,000.00	3,000.00
02/23/97	3	Excel Corporation	Payment on account	3,000.00		6,000.00
02/28/97	1001	National Bank	Partial payment on lien against receivables		5,000.00	1,000.00
03/10/97	2	Joe Fish	Sale of rental property per 3/1/97 court order.	52,800.00		53,800.00
			Gross sales price: \$90,000.00			53,800.00
			Less amounts paid through escrow:			53,800.00
			Lien: (30,000.00)			53,800.00
			Realtor's fee (5,400.00)			53,800.00
			Property taxes &			53,800.00
			Costs to sell (1,800.00)			53,800.00
03/31/97	1002	Lily Spence	Art work appraisal per 2/26/97 court order		1,000.00	52,800.00
03/31/97		Bank One	Purchase 60-day CD		40,000.00	12,800.00
04/12/97	5	Sam Martin	1st pmt - artwork sale per 3/31/97 court order	1,000.00		13,800.00
04/20/97	5	Sam Martin	NSF check	(1,000.00)		12,800.00
04/22/97	5	Sam Martin	Re-deposit Martin payment for artwork	1,000.00		13,800.00
04/25/97		George Bellows	Settlement of malpractice claim	500,000.00		513,800.00
05/01/97	1003	Est. of Steve Martin	Transfer funds deposited to Sam Martin	(500,000.00)		13,800.00
			case in error			
SUBTOTALS				60,800.00	47,000.00	

FORM 2

Separate bond (if applicable):

\$750,000

[illegible]

COLUMN TOTALS

Less: Bank transfers/CDs

Subtotal

Less: Payments to debtors

Net

11,010.00

11,000.00
11,000.00

10.00

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0.00

3

0.00

2
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4
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11,010.00

FORM 2
CASH RECEIPTS AND DISBURSEMENTS RECORD

Case No. 96-75484
Case Name: Sam Martin dba Martin Cards
Taxpayer ID #: 31-23334567
For Period Ending: June 30, 1997

Trustee Name: Jenny Ward
Bank Name: Bank One
Initial CD #: 97436287
Blanket bond (per case limit): \$750,000
Separate bond (if applicable): _____

1	2	3	4	5	6	7
Transaction Date	Check or Ref. #	Paid to/Received From	Description of Transaction	Deposit \$	Disbursement \$	Certificate of Deposit Balance
03/31/97		Bank One	Purchase 60-day CD from checking #01-16-18	40,000.00		40,000.00
05/30/97		Bank One	CD matured - interest earned	300.00		40,300.00
05/30/97		Bank One	Additional amount for CD from checking #01-16-18	20,000.00		40,300.00
						60,300.00

COLUMN TOTALS
Less: Bank transfers/CDs 60,300.00
Subtotal 60,000.00
Less: Payments to debtors 300.00
Net 300.00

TOTAL - ALL ACCOUNTS

NET DEPOSITS	DISBURSEMENTS	NET ACCOUNT BALANCES
104,300.00	14,300.00	3,000.00
10.00	0.00	11,010.00
300.00	0.00	60,300.00
104,610.00	14,300.00	74,310.00

Checking #01-16-18
Savings #09-43-62
CD #97436287

Exhibit B

INSTRUCTIONS AND Q's AND A's FOR FORM 4

3/1/01

Part A

SAMPLE FORM 4
Distribution Report for Closed Asset Cases

Case No. 399-123456
Case Name: John L. & Sally B. Doe

Trustee Name: Jenny Ward
Date Closed: _____

	\$ AMOUNT RECEIVED	% OF RECEIPTS
GROSS RECEIPTS	\$1,000,000.00	100.00%
Less:		
Funds Paid to Debtor		
Exemptions	3,400.00	0.34%
Excess Funds	0.00	0.00%
Non-Estate Funds Paid to 3 rd Parties	0.00	0.00%
NET RECEIPTS	\$996,600.00	99.66%

	\$ CLAIMS	\$ AMOUNT PAID	% OF RECEIPTS
SECURED CLAIMS:			
Real Estate	\$400,000.00	\$400,000.00	40.00%
Personal Property & Intangibles	33,000.00	33,000.00	3.30%
Internal Revenue Service Tax Liens	0.00	0.00	0.00%
Other Governmental Tax Liens	3,000.00	3,000.00	0.30%
TOTAL SECURED CLAIMS	\$436,000.00	\$436,000.00	43.60%

PRIORITY CLAIMS:

CHAPTER 7 ADMINISTRATIVE FEES § 507(a)(1) and

CHARGES under Title 28, Chapter 123:

Trustee Fees	47,330.00	47,330.00	4.73%
Trustee Expenses	2,000.00	2,000.00	0.20%
Legal Fees & Expenses:			
Trustee's Firm Legal Fees	0.00	0.00	0.00%
Trustee's Firm Legal Expenses	0.00	0.00	0.00%
Other Firm's Legal Fees	25,000.00	25,000.00	2.50%
Other Firm's Legal Expenses	1,500.00	1,500.00	0.15%
Accounting Fees and Expenses			
Trustee's Firm Accounting Fees	0.00	0.00	0.00%
Trustee's Firm Accounting Expenses	0.00	0.00	0.00%
Other Firm's Accounting Fees	4,000.00	4,000.00	0.40%
Other Firm's Accounting Expenses	0.00	0.00	0.00%
Real Estate Commissions	25,000.00	25,000.00	2.50%
Auctioneer/Liquidator Fees	20,000.00	20,000.00	2.00%
Auctioneer/Liquidator Expenses	10,000.00	10,000.00	1.00%
Other Professional Fees/Expenses	1,000.00	1,000.00	0.10%
Expenses of Operating Business in Chapter 7	0.00	0.00	0.00%
Other Expenses	5,700.00	5,700.00	0.57%
Income Taxes - Internal Revenue Service	5,000.00	5,000.00	0.50%
Other State or Local Taxes	0.00	0.00	0.00%

U.S. Trustee Fees	0.00	0.00	0.00%
Court Costs	800.00	800.00	0.08%
TOTAL CHAPTER 7 ADMINISTRATIVE FEES & CHARGES	\$147,330.00	\$147,330.00	14.73%
TOTAL PRIOR CHAPTER ADMINISTRATIVE FEES			
§ 507(a)(1) (From attached Part B)	0.00	0.00	0.00%
WAGES § 507(a)(3)	9,200.00	9,200.00	0.92%
CONTRIBUTIONS: EMPLOYEE BENEFIT PLANS § 507(a)(4)	900.00	900.00	0.09%
ALIMONY & CHILD SUPPORT § 507(a)(7)	4,600.00	4,600.00	0.46%
CLAIMS OF GOVERNMENTAL UNITS § 507(a)(8)	25,000.00	25,000.00	2.50%
OTHER § 507 (a)(2), (5), (6), & (9)	0.00	0.00	0.00%
TOTAL PRIORITY CLAIMS: WAGES § 507(a)(3) through			
OTHER § 507(a)(2), (5), (6) & (9)	\$39,700.00	\$39,700.00	3.97%
GENERAL UNSECURED CLAIMS	\$1,200,000.00	\$373,570.00	37.36%
TOTAL DISBURSEMENTS	\$1,823,030.00	\$996,600.00	99.66%

3/1/01

Part B

SAMPLE FORM 4
Distribution Report for Closed Asset Cases

Case No. 399-123456
Case Name: John L. & Sally B. Doe

Trustee Name: Jenny Ward
Date Closed: _____

	\$ CLAIMS	\$ AMOUNT PAID	% OF RECEIPTS
PRIOR CHAPTER ADMINISTRATIVE FEES § 507(a)(1)			
Trustee Fees	\$0.00	\$0.00	0.00%
Trustee Expenses	0.00	0.00	0.00%
Legal Fees & Expenses:			
Trustee's Firm Legal Fees	0.00	0.00	0.00%
Trustee's Firm Legal Expenses	0.00	0.00	0.00%
Other Firm's Legal Fees	0.00	0.00	0.00%
Other Firm's Legal Expenses	0.00	0.00	0.00%
Accounting Fees and Expenses			
Trustee's Firm Accounting Fees	0.00	0.00	0.00%
Trustee's Firm Accounting Expenses	0.00	0.00	0.00%
Other Firm's Accounting Fees	0.00	0.00	0.00%
Other Firm's Accounting Expenses	0.00	0.00	0.00%
Real Estate Commissions	0.00	0.00	0.00%
Auctioneer/Liquidator Fees	0.00	0.00	0.00%
Auctioneer/Liquidator Expenses	0.00	0.00	0.00%
Other Professional Fees/Expenses	0.00	0.00	0.00%
Income Taxes - Internal Revenue Service	0.00	0.00	0.00%
Other State or Local Taxes	0.00	0.00	0.00%
Operating Expenses	0.00	0.00	0.00%
Other Expenses	0.00	0.00	0.00%
TOTAL PRIOR CHAPTER ADMINISTRATIVE FEES	\$0.00	\$0.00	0.00%

**INSTRUCTIONS REGARDING
DISTRIBUTION REPORT FOR CLOSED ASSET CASES (FORM 4)
(INCLUDING QUESTIONS & ANSWERS AT THE END)**

GENERAL INSTRUCTIONS

**CASES COVERED
BY FORM 4**

Form 4 is required for chapter 7 cases filed or converted on or after 7/1/99. It is submitted with the final account or TDR. Form 4 should not be submitted for cases dismissed or converted to another chapter.

Commencing 4/1/2000, Form 4 must be filed electronically, unless the United States Trustee grants a waiver of this requirement.

HEADER INFORMATION

Enter the case number, case name, trustee name, and date. The date entered is the date Form 4 was prepared by the trustee.

CLAIMS

Allowed claims for which a distribution was made. Zeroes (0's) would be inserted under "Claims" and "\$ Amount Paid" for each claim category in which no amount was paid. (For example, if there is only sufficient funds to pay administrative and priority unsecured claims, the amount of each allowed administrative and priority unsecured claim would be shown under "Claims," and the amount of funds distributed on account of such claims would be shown under "\$ Amount Paid." Zeroes (0's) would be inserted under "Claims" and "\$ Amount Paid" for General Unsecured Claims.)

% OF RECEIPTS

The formula for this column is:

$$\frac{\$ \text{ Amount Received" or "\$ Amount Paid" (whichever applies)}}{\text{Gross Receipts}}$$

All percentages under "% of Receipts" should be based on this formula. The percentages for totals and subtotals (e.g., Total Secured Claims) may not equal the sum of the individual component percentages, due to rounding.

LINE-BY-LINE INSTRUCTIONS

PART A

GROSS RECEIPTS:

All funds received by trustee¹², except for funds deposited to the estate in error and refunds of trustee overpayments (an example is a refund of excess bond premium which should be netted against the applicable expense line item).

Funds Paid to Debtor:

Exemptions:

Funds disbursed to debtor(s) pursuant to exemptions permitted under Federal or State law.

Excess Funds:

Funds disbursed to debtor(s), if any, after all other disbursements made.

Non-Estate Funds Paid to 3rd Parties:

Examples include payments to co-owners from sales of property in which a co-owner has an interest, escrow deposit refunds, PACA trust funds (Perishable Agricultural Commodities Act), and other similar trust funds.

NET RECEIPTS:

The sum of gross receipts less funds paid to debtor and non-estate funds paid to 3rd parties. The amount of net receipts equals total disbursements, which may be the basis for computing the maximum trustee fee.

SECURED CLAIMS¹³:

Real Estate:

Funds disbursed to all pre-petition lien holders, except for tax liens.

Personal Property & Intangibles:

Funds disbursed to all pre-petition lien holders, except for tax liens.

¹²In some instances (e.g., real estate sales), the trustee may receive a "net" check (i.e., the gross sales price less payments to secured creditors, real estate commissions, closing costs, etc.). The gross sales price is to be reported under Gross Receipts and the deductions are to be reported in the appropriate categories for the claims and the administrative expenses, as applicable.

¹³Secured claims do not include liens for administrative expenses for purposes of this form.

Internal Revenue Service
Tax Liens:

Funds disbursed to all pre-petition lien holders. (Do not include payment of tax claims which became due after petition date. Said tax payments should be included in Chapter 11 or Chapter 7 tax categories, depending on the date the taxes became due.)

Other Governmental
Tax Liens:

Funds disbursed to all pre-petition lien holders. (Do not include payment of tax claims which became due after petition date. Said tax payments should be included in Chapter 11 or Chapter 7 tax categories, depending on the date the taxes became due.)

TOTAL SECURED CLAIMS:

The sum of total secured claims by column.

PRIORITY CLAIMS:

CHAPTER 7
ADMINISTRATIVE FEES
507(a)(1) and CHARGES
under Title 28, Chapter 123:

Trustee Fees:

Total fees paid to trustee pursuant to § 330(a).

Trustee Expenses:

Total interim and final expense reimbursements paid directly to the trustee pursuant to § 330(a).

Legal Fees & Expenses:

Trustee's Firm Legal
Fees:

All legal fees paid to trustee or trustee's firm.

Trustee's Firm Legal
Expenses:

All legal expenses paid to trustee or trustee's firm.

Other Firm's Legal
Fees:

All legal fees paid to other firms.

Other Firm's Legal
Expenses:

All legal expenses paid to other firms.

Accounting Fees & Expenses:

Trustee's Firm
Accounting Fees:

All accounting fees paid to trustee or trustee's firm.

Trustee's Firm Accounting Expenses:	All accounting expenses paid to trustee or trustee's firm.
Other Firm's Accounting Fees:	All accounting fees paid to other firms.
Other Firm's Accounting Expenses:	All accounting expenses paid to other firms.
Real Estate Commissions:	All commissions and expenses paid to professionals for the sale of real property.
Auctioneer/Liquidator Fees:	All fees paid to auctioneer or liquidator of personal property.
Auctioneer/Liquidator Expenses:	All expenses paid to auctioneer or liquidator of personal property.
Other Professional Fees/ Expenses:	All other professional fees and expenses paid. (In order to be included in this category, fees and expenses must be paid only to professional employed pursuant to § 327 of the Code, and not be included in one of the other fee and expense categories. For example, professional fees and expenses for appraisers and expert witnesses should be included in this category.)
Expenses of Operating Business in Chapter 7:	All costs of operating a business pursuant to Bankruptcy Court order, except professional fees and expenses specifically listed above. Includes payroll taxes paid in connection with operating a business in chapter 7.
Other Expenses:	All other allowed expenses not otherwise included under Trustee Expenses, including bond premiums and other costs paid directly by the estate, but not including taxes, court costs, and unpaid United States Trustee fees.
Income Taxes - Internal Revenue Service:	All income taxes which first become due to the IRS after the bankruptcy petition filing date.
Other State or Local Taxes:	Other state or local taxes which first become due after the bankruptcy petition filing date.
United States Trustee Fees:	All U.S. Trustee Chapter 11 fees paid by the trustee in chapter 7 proceeding.

Court Costs:	All costs paid by the trustee to the Bankruptcy Court, including noticing fees, filing fees, etc.
TOTAL CHAPTER 7 ADMINISTRATIVE FEES & CHARGES:	The sum of chapter 7 administrative fees and charges by column.
TOTAL PRIOR CHAPTER ADMINISTRATIVE FEES 507(a)(1):	See Part B below.
WAGES §507(a)(3):	Wages, salaries, or commissions, including vacation, severance, and sick leave pay earned by an individual. (See Code for specific requirements)
CONTRIBUTIONS: EMPLOYEE BENEFIT PLANS §507(a)(4):	Payments to an employee benefit plan. (See Code for specific requirements.)
ALIMONY & CHILD SUPPORT §507(a)(7):	Payments to a spouse, former spouse, or child of the debtor, for alimony to, maintenance for, or support of such spouse or child. (See Code for specific requirements)
CLAIMS OF GOVERNMENTAL UNITS §507(a)(8):	Payments to governmental units, only to the extent that such claims are for – (a) a tax on or measured by income or gross receipts; (b) a property tax; (c) a tax required to be collected or withheld for which the debtor is liable; (d) an employment tax; (e) an excise tax; (f) a customs duty arising out of the importation of merchandise; or (g) a penalty related to a claim specified in §507(a)(8). (See Code for specific requirements.)
OTHER §507(a)(2), (5), (6), & (9):	(See Code)
TOTAL PRIORITY CLAIMS:	The sum of total priority claims by column.

**GENERAL UNSECURED
CLAIMS:**

All unsecured claims paid.

TOTAL DISBURSEMENTS:

The sum of total secured, priority, and unsecured claims by column.

PART B

**PRIOR CHAPTER
ADMINISTRATIVE FEES
§507(a)(1):**

PART B (Prior Chapter Administrative) instructions are essentially the same as the PART A (Chapter 7 Administrative) instructions. Note that chapter 11 payroll taxes paid during the pendency of chapter 7 should be reported under "Operating Expenses" in Part B.